

DD/S

58-4346

5 NOV 1958

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT: Proposed USA General Regulation Entitled,
"Small Business Procurement Set-Asides
and Certificates of Competency"

1. This memorandum recommends signature by the Deputy Director (Support) of the attached letter to the General Services Administration setting forth the position of this Agency on the subject proposed regulation.

2. On October 4, 1957 the Deputy Director (Support) signed a letter (copy attached) to General Services Administration commenting on an earlier version of this same regulation. It was stated in that letter that strict compliance with the procedures of the Regulation would create serious security problems and conflict with the responsibility imposed upon the Director of Central Intelligence by Section 102(d) of the National Security Act of 1947.

3. The revised, proposed regulation on which this Agency is currently asked to comment differs from the earlier version and contains provisions made necessary by enactment of the Small Business Act of 1958. However, the changes do not affect the security considerations on which our reply of October 4, 1957 was based. It is, therefore, considered appropriate and necessary to again take the same position with respect to the current, proposed regulation.

4. In anticipation of further effort on the part of the Small Business Administration to review the procurement activities of CIA, a spot check was made of 415 companies with whom contracts and purchase orders have been issued by the Procurement Division, Office of Logistics. This study revealed that 265 (approximately 64%) of these companies could be considered small business within the definition of that term under SBA Regulations. It is felt that this distribution of CIA procurement contracts and purchases is in consonance with the policy of the Government as expressed in the Small Business Act of 1958 that "a fair proportion of its total purchases and contracts for supplies, property, maintenance, repair and construction, services and research and development shall be placed with small business concerns." Furthermore, statistics will be

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maintained within the Procurement Division on all future contracts and purchase orders so that the percentage distribution of procurement between small and big business may be readily computed.



JAMES A. GARRISON
Director of Logistics

STATINTL

Enclosures:

1. Letter to Hon. Franklin G. Floete
dated October 4, 1957
2. Letter to Mr. Phil W. Jordan